

# THE TORONTO STOCK EXCHANGE

4/7/68  
11/7/68  
25/7/68

FILING STATEMENT NO. 1621.  
FILED, AUGUST 13th, 1968.

## THE GREAT WEST SADDLERY COMPANY LIMITED

Full corporate name of Company

Incorporated under the Companies Act (Canada) by Letters Patent dated the 24th day of February, 1928.

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953 (Ontario) by Letters Patent dated May 1st, 1957). Reference is made to previous

## FILING STATEMENT Filing Statement No. 1613.

(To be filed with respect to any material change in a company's affairs, including among other things, an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	1.(a) the increase in the authorized capital of the Company from 1,000,000 to 4,000,000 common shares without nominal or par value; (b) the issuance of 980,000 common shares from treasury; and (c) the acquisition by the Company of all the issued and outstanding shares of Aquila Computer Services Ltd. all as more particularly described in Schedule "A" attached hereto (See Schedule "A" on pages 3 and 4.)
2. Head office address and any other office address.	628 King Street West, Toronto 2B, Ontario.
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	<p><u>Present Directors</u></p> <p>Neil W. Baker, 452 Hudson Street, Montreal West, Quebec. Chairman of the Board</p> <p>B. Hewson Breckenridge, 92 Main Street South, Georgetown, Ontario.</p> <p>Donald Ross Cleveland, 19 Old Mill Terrace, Islington, Ontario.</p> <p>J. Trevor Eyton, 30 Ridge Drive, Toronto 7, Ontario. Secretary</p> <p>Alfred Theodore Holland, 93 Post Road, Don Mills, Ontario. President</p> <p>Paul J. Lowenstein, 4862 Jean Brillant Avenue, Montreal, Quebec. Treasurer</p> <p>Leonard B. Spilfogel, 5765 Cote St. Luc Road, Apt. 312, Montreal, Quebec.</p>
4. Share capitalization showing authorized and issued and outstanding capital.	<p><u>Authorized:</u> 4,000,000 common shares without nominal or par value.</p> <p><u>Issued and Fully Paid:</u> 1,978,451 common shares.</p>
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	See Schedule "A" attached. (See Schedule "A" on pages 3 and 4.)
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	<p>(a) As part consideration for the acquisition of Aquila Computer Services Ltd. ("Aquila"), the Company proposes to issue and sell to the Aquila shareholders 400,000 common shares from treasury, provided that this number of common shares from treasury is subject to diminution in increments of 50,000 down to 250,000 dependent upon the financial performance of the Company and its subsidiaries, computer and related businesses in the fiscal year ended March 31, 1971, all as more particularly described in Schedule "A" attached hereto. (b) The Company has issued 830,000 common shares from treasury in the name of Edper Investments Ltd. and has received the aggregate subscription price of \$498,000. (c) The Company has issued 125,000 and 25,000 common shares from treasury in respect of subscriptions received from All-Canadian Venture Fund Limited and Proprietary Fund Limited respectively, and has received payment of the respective aggregate subscription prices of \$500,000 and \$100,000. For further particulars see Schedule "A" attached.</p> <p>(See Schedule "A" on pages 3 and 4.)</p>



7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	<p>(a) Vendors of Aquila shares. M.H. Blakely, 809 Upper Belmont Ave. Westmount. Edward S. MacLaine, 123 Highgate Ave. Point Clare. John L.J. O'Brien, 401 Lansdowne Ave. Westmount. Barry Schwartz, 548 Grosvenor Ave. Westmount. James H. Yates, 621, Kenaston Ave. Town of Mt. Royal. J.A. Madill, 601 Lansdowne Ave. Westmount. E.W. Tinmouth, 168 Beverly Ave. Montreal. D. Hudon, 635, Dorchester Blvd. M'l.</p> <p>(b) Mutual Funds. 1. All-Canadian Venture Fund Ltd., and 2. Proprietary Funds Ltd. account Venture Fund, both c/o 41st Floor, 1 Place Ville Marie, Montreal 2, Quebec.</p> <p>(c) Edper Investments Ltd., Suite 400, 2055 Peel Street, Montreal 2, Quebec. Edper Investments Ltd. is owned by a trust established by Allan Bronfman, 9 Belvedere Road, Westmount, Montreal, Quebec, for his children.</p>
8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	NIL
9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	The Company is currently engaged in a planned programme of investment and acquisition. The acquisition of Aquila represents the initial investment by the Company in the computer business, and the Company will actively explore further possible acquisitions and investments in this and similar growth businesses.
10. Brief statement of company's chief development work during past year.	The Company's main effort in the past year has been to assist National Hees Industries Limited with its expansion plans. The Company holds a controlling position in National Hees Industries Limited.
11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	<p>The names and addresses of the vendors of all the issued and outstanding shares of Aquila are referred to in 7. The total consideration to be paid by the Company is particularly described in Schedule "A" attached hereto.</p> <p>(See Schedule "A" on pages 3 and 4.)</p>
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	<p>The names and addresses of the vendors of all the issued and outstanding shares of Aquila are referred to in 7. The total consideration to be paid by the Company is particularly described in Schedule "A" attached hereto.</p> <p>(See Schedule "A" on pages 3 and 4.)</p>
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	See Schedule "A" attached hereto. (on pages 3 and 4.)
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	NIL
15. Names, addresses and shareholdings* of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	<p>See Schedule "B" attached hereto.</p> <p>700,000 of the common shares of the Company held by Edper Investments Limited are subject to a pooling agreement as referred to in (Schedule "A" on pages 3 and 4.)</p> <p>* and of the officers and directors of the Company.</p> <p>* (See Schedule "B" on page 4.)</p>



(a) Increase in Authorized Capital

The Company has been granted supplementary letters patent dated June 17, 1968 increasing the authorized capital of the Company from 1,000,000 common shares without nominal or par value to 4,000,000 common shares without nominal or par value.

(b) Allotment and Issuance of Shares

At a meeting of the board of directors of the Company held on June 14, 1968 the following shares were allotted to the persons and for the aggregate subscription prices indicated, subject to payment therefor and subject to obtaining supplementary letters patent increasing the authorized capital of the Company as referred to in (a) above:

<u>Allottee</u>	<u>No. of Shares</u>	<u>Aggregate Subscription Price</u>
Everest Investments Limited	830,000	\$498,000
All-Canadian Venture Fund Limited	125,000	500,000
Proprietary Funds Limited, Account Venture Fund	<u>25,000</u>	<u>100,000</u>
	980,000	\$1,098,000

The aggregate subscription prices have now been received by the Company, and accordingly the common shares allotted have been issued as fully paid and non-assessable. Certificates representing the shares allotted to Everest Investments Limited and Proprietary Funds Limited, Account Venture Fund, were issued in the names of Edper Investments Limited and Varley & Co., respectively, pursuant to directions received from such allottees.

The subscribers for the above mentioned shares have indicated their intentions to hold such shares as long term investments.

(c) Acquisition of Aquila Computer Services Limited

The Company entered into an oral agreement on or about May 16, 1968 which was formally reduced to writing and executed on June 10, 1968 under which the Company agreed to purchase all the issued and outstanding shares of Aquila Computer Services Limited ("Aquila") from M. H. Blakely, Edward S. MacLaine, John L. H. O'Brien, Barry Schwartz, James H. Yates, J. A. Madill, E. W. Timmouth and D. Hudon (collectively the "selling group") for a consideration consisting of the following:

- (i) On completion of the purchase, \$1,000,000 cash, the 150,000 6% Second Preferred Shares and 62,136 common shares of National Hees Industries Limited representing the control position of the Company in National Hees Industries Limited, and 400,000 common shares of the Company from treasury, and
- (ii) two years after completion of the purchase, \$500,000 cash.

The agreement provides that the 400,000 common shares of the Company from treasury to be received by the selling group (the "400,000 treasury shares") is subject to diminution based on the results of the operations of the Company and its subsidiaries, including Aquila, in the computer business and related businesses in the year ended March 31, 1971. The governing formula provides that (i) if these operations result in after tax net earnings per share (calculated on the basis of 2,200,000 outstanding shares plus the number of shares issued in future in connection with the acquisition of computer businesses or related businesses) of less than 15.9¢ per share but equal to or more than 13.5¢ per share, then the 400,000 treasury shares shall be reduced to 350,000 in number, (ii) if these operations result in after tax net earnings per share of less than 13.5¢ per share but equal to or more than 11.3¢ per share, then the 400,000 treasury shares shall be reduced to 300,000 in number, and (iii) if these operations result in after tax net earnings per share of less than 11.3¢ per share then the 400,000 treasury shares shall be reduced to 250,000 in number.



To facilitate the \$1,000,000 cash payment to be made at the completion of the purchase Edper Investments Limited ("Edper"), the major shareholder of the Company, has agreed to loan the Company this amount of money without interest for two years after the completion of the purchase. Furthermore, Edper has agreed with the selling group to purchase immediately after the completion of the purchase the 150,000 6% Second Preferred Shares and 62,186 common shares of National Hees Industries Limited to be acquired by them as part of the consideration for the issued and outstanding shares of Aquila for a consideration consisting of 300,000 common shares of the Company held by Edper.

By a resolution of the board of directors passed on June 13, 1968 the directors of the Company approved the agreement, subject to further approval by the shareholders of the Company at a Special General Meeting of Shareholders to be called for that purpose. Furthermore, because the implementation of the agreement contemplates the acquisition of the control position of the Company in National Hees Industries Limited by Edper, the major shareholder of the Company, management of the Company has determined that the agreement will not be proceeded with unless approved by a majority of the shareholders of the Company exclusive of those who are insiders within the meaning of The Securities Act, 1966.

Subject to the completion of the purchase of all the issued and outstanding shares of Aquila, Edper Investments Limited ("Edper"), with respect to 700,000 common shares of the Company held by it, and the vendors of all the issued and outstanding shares of Aquila (the "vendors") with respect to the 700,000 common shares of the Company to be held by them, have entered into an agreement restricting their ability to sell or dispose of these shares by providing that (a) prior to March 31, 1969, Edper shall not sell more than 100,000 of its shares, and (b) in each of the years ended on March 31 in 1970 and 1971, neither Edper nor the vendors shall sell more than 100,000 of its or their shares; and (c) Edper and the vendors shall have a right of first refusal in respect of any proposed sale or disposition by the other.

#### SCHEDULE "B"

<u>Name</u>	<u>Common Shares Beneficially Owned</u>
Edper Investments Limited, 2055 Peel Street, Suite 400, Montreal 2, Quebec.	1,124,666
Candeco Limited, 628 King Street West, Toronto 2b, Ontario	150,000
All-Canadian Venture Fund Limited, 41st Floor North, Place Ville Marie, Montreal, Quebec.	125,000
Peter Bronfman, 5 Lansdowne Ridge, Montreal 6, Quebec.	75,000
Edward Bronfman, 67 Forden Crescent, Montreal 6, Quebec.	75,000
	<u>Common Shares Beneficially Owned</u>
<u>Directors and Officers of the Company</u>	
Neil W. Baker, Director and Chairman of the Board	30,000
A. T. Holland, Director and President	100
Paul J. Lowenstein, Director and Treasurer	26,000
Leonard Spilfogel, Director	15,000
J. Trevor Eyton, Director and Secretary	2,000
Donald R. Cleveland, Director	Qualifying shares only
B. Hawson Breckenridge, Director	Qualifying shares only

The shares of the Company held by Messrs. Baker, Eyton, Lowenstein and Spilfogel were acquired from Everest Investments Limited on May 28, 1968 as long term investments. These shares had in turn been previously acquired by Everest Investments Limited from Gordon Leaseholds Limited and Candeco Limited as referred to in the previously filed Filing Statement of the Company dated May 3, 1968.



# FINANCIAL STATEMENTS

THE GREAT WEST SADDLERY COMPANY LIMITED  
BALANCE SHEET AS AT THE 30TH JUNE, 1968 AND  
PRO FORMA BALANCE SHEET AS AT THE 30TH JUNE, 1968 GIVING EFFECT TO:

- The acquisition of all of the issued shares of Aquila Computer Services Ltd. and payment thereof by giving
  - \$1,000,000 cash
  - \$500,000 promissory note payable in 1970
  - \$1,000,000 by the issuance of 400,000 common shares of The Great West Saddlery Company Limited from treasury at \$2.50 per share
  - 62,186 common shares and 150,000 second preferred shares of National Hees Industries Limited at a designated value of \$750,000. The receipt of \$1,000,000 in return for an interest free promissory note payable in 1970.
- The consolidation of the assets and liabilities of the Company at the 30th of June, 1968 with those of Aquila Computer Services Ltd. as at the 31st of March, 1968.

## ASSETS

CURRENT ASSETS	Balance Sheet	Pro Forma Balance Sheet
Cash	\$ 998,720	\$ 1,103,232
Subscriptions receivable	100,000	-
Marketable Securities - at cost		
(Market value \$34,000) pledged	35,706	35,706
Accounts receivable	-	196,622
Inventory - at cost	-	12,018
Prepaid expenses	976	9,139
TOTAL CURRENT ASSETS	1,135,402	1,356,717
DUE FROM RELATED COMPANY	30,087	30,087
INVESTMENT IN PARTIALLY-OWNED SUBSIDIARY - National Hees Industries Limited - at cost	518,578	
FIXED ASSETS - at cost less accumulated depreciation	44,000	55,798
EXCESS COST OF THE SHARES OF AQUILA COMPUTER SERVICES LTD. OVER THE NET BOOK VALUE OF IT'S ASSETS	-	3,165,261
	\$ 1,728,067	\$ 4,607,863

## LIABILITIES AND SHAREHOLDERS' EQUITY

	Balance Sheet	Pro Forma Balance Sheet
CURRENT LIABILITIES	\$	\$
Bank indebtedness	4,400	19,400
Accounts payable and accrued liabilities	75,006	128,411
Notes payable to shareholders	147,161	147,161
Loan payable	8,600	8,600
Income taxes payable	-	72,109
Due to partially-owned subsidiary company	3,866	-
TOTAL CURRENT LIABILITIES	239,033	375,681
LONG TERM LIABILITIES		
Notes payable to shareholders		1,500,000
UNEARNED SERVICE FEES		11,726
SHAREHOLDERS' EQUITY		
Capital Stock:		
Authorized - 4,000,000 common shares of no par value		3,013,936
Issued and fully paid - 1,978,451 (pro forma)		1,293,480
Deficit		2,720,456
	\$ 1,728,067	\$ 4,607,863

THE GREAT WEST SADDLERY COMPANY LIMITED  
STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE FIVE MONTHS ENDED JUNE 30th, 1968

FUNDS PROVIDED:	\$
Issue of Treasury Shares	1,392,600
Gain arising from settlement of liabilities	19,430
Reduction in value of equipment and organization expenses on disposal of subsidiaries	19,310
	<hr/>
Total Funds Provided	1,431,340
	<hr/>
FUNDS APPLIED:	
Net Loss for the period	14,369
Loss on disposal of subsidiaries	17,003
Net purchases of shares of subsidiary	116,221
Postponement of debt from related company	30,087
	<hr/>
Total Funds Applied	177,680
	<hr/>
INCREASE IN WORKING CAPITAL	\$ 1,253,660
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Signed on behalf of the Board of Directors

..... *A. F. Halland* ..... Director  
..... *J. E. J.* ..... Director

THE GREAT WEST SADDLERY COMPANY LIMITED  
STATEMENT OF LOSS AND DEFICIT  
FOR THE FIVE MONTHS ENDED JUNE 30th, 1968

	\$
Net Operating Loss for the Period	14,369
Add: Loss on disposal of subsidiaries	17,003
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	31,372
Less: Gain arising from settlement of liabilities	19,430
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	11,942
Deficit at 1st February, 1968	1,512,960
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Deficit at 30th June, 1968	\$ 1,524,902
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NATIONAL HEES INDUSTRIES LIMITED AND SUBSIDIARY COMPANIES  
CONSOLIDATED BALANCE SHEET AS AT MAY 31, 1968

ASSETS

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT ASSETS

CURRENT LIABILITIES

Marketable securities - at cost which approximates market values (Note 2)	\$	22,008	\$	
Accounts receivable		112,003		
Special refundable tax		7,347		
Inventories - at estimated cost		92,000		
Due from parent company		3,841		
Prepaid expenses and deposits		<u>6,329</u>	243,528	

MINORITY INTEREST (Note 6)

22,500

FIXED ASSETS (Note 3)

Land, buildings, leasehold improvements, machinery and equipment and transportation equipment		768,981		
Less:				
Accumulated depreciation and amortization		<u>58,000</u>	710,981	

OTHER ASSETS - at cost

Re-organization expenses		40,011		
Trademarks		4,714		
Purchased goodwill		<u>424,008</u>	468,733	

Approved on behalf of the Board

.....*A. H. G. G. G. G.* Director

.....*J. E. T. M.* Director

\$1,423,242

\$1,423,242

LONG TERM DEBT

Bank loan due in annual instalments of \$200,000 on November 7, 1968 and 1969 (Note 5)		400,000		
First mortgage at 7½% payable \$5,000 quarterly		60,000		
Notes payable interest free due August 15, 1968		71,170		
Notes payable at 6% due in annual instalments of \$50,000 (Note 1)		250,000		
Conditional sales contracts		14,146		
Due to Government of Canada in annual instalments of \$9,185		<u>45,924</u>		
		841,240		

Less:

Current portion included in current liabilities		<u>357,000</u>	484,240	
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SHAREHOLDERS' EQUITY

Capital Stock (Notes 8 and 9)		1,149,715		
Deficit		<u>794,116</u>	355,599	

The accompanying notes are an integral part of the financial statements.

## National Hees Industries Limited and Subsidiary Companies

Consolidated Statement of Capital Stock  
for the eleven months ended May 31, 1968

AUTHORIZED	
300,000	First Preferred Shares of Par Value \$10 each, issuable in series of which 150,000 shares designated as 6% Cumulative, Redeemable, Convertible Sinking Fund First Preferred Shares, 1963 Series
	\$3,000,000
300,000	6% Non-cumulative, Convertible Second Preferred Shares of Par Value \$1 each
	300,000
	<hr/>
	\$3,300,000
	<hr/>
1,000,000	Common Shares without Nominal or Par Value - aggregate consideration not to exceed \$2,500,000
ISSUED AND FULLY PAID	
First Preferred Shares - 1963 Series -	
63,135.5	Shares, 1st July, 1967
	\$ 631,355
19,992.0	Shares converted to Common Shares during the period
	199,920
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43,143.5	
	\$ 431,435
	<hr/>
Second Preferred Shares -	
150,000	Shares, 1st July, 1967 unchanged
	\$ 150,000
	<hr/>
Common Shares -	
74,639	Shares, 1st July, 1967
	\$ 208,360
40,000	Shares, issued from Treasury
	160,000
42,355.05	Shares issued on conversion of First Preferred shares, 1963 Series, during year
	199,920
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156,994.05	
	\$ 568,280
	<hr/>
	\$1,149,715
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The accompanying notes are an integral part  
of the financial statements

National Hees Industries Limited and Subsidiary Companies  
Notes to Consolidated Financial Statements  
May 31, 1968

1. The consolidated financial statements include the accounts of the Company and its two subsidiaries, Designed Precision Castings Limited and E. G. M. Machine Products Limited. The common shares of Designed Precision Castings Limited are pledged as security for the 6% notes payable of \$250,000.
2. The marketable securities are pledged for a loan of \$8,836 which is included in Accounts Payable.
3. Assets have been appraised and goodwill has been reduced by the excess of appraisal value over cost. The appraisals were based as follows:
  - a) E. G. M. Machine Products Limited  
Land and buildings \$65,000 at market value submitted in a letter of opinion by Magnus T. Paulson Realty Limited dated May 16, 1966 plus additions at cost.
  - b) Designed Precision Castings Limited
    - i) Land and buildings \$305,000 at appraised value established from opinions of real estate consultants given in September, 1967 plus additions at cost.
    - ii) Machinery and equipment \$286,076 at appraisal values as determined by Engineering Metallic Products Company dated September 15, 1967 and dated June 20, 1966 and dated December 10, 1964 plus additions at cost less disposals.
    - iii) Under an agreement dated December 14, 1967 between the Company and the Government of Canada, machinery and equipment at a cost not to exceed \$91,847 will be acquired by the Company for 50% of the total cost or \$45,924 which is repayable in annual instalments of \$9,185. The net cost of machinery and equipment of \$45,924 and the corresponding liability has been recorded in the accounts. Approximately \$63,500 in machinery and equipment has been delivered.
    - iv) Other assets have been valued at cost.
4. The bank indebtedness is secured by a general assignment of book debts and a charge on inventories under Section 88 of the Bank Act.
5. A \$400,000 8% floating debenture on the assets of E. G. M. Machine Products Limited and National Hees Industries Limited and a second fixed charge on the common shares of Designed Precision Castings Limited (subject to the first charge in note 1 above) have been issued to the guarantor of the \$400,000 bank loan.



6. Minority interest of \$22,500 is comprised of preferred shares of the subsidiary, Designed Precision Castings Limited. Under an agreement dated September 21, 1967 between the vendor holding such shares and National Hees Industries Limited these shares will be redeemed on or before November 7, 1968 at par value.
7. A second mortgage and second chattel mortgage of \$20,000 held by the parent company, on the real property and equipment of E. G. M. Machine Products Limited have been assigned as collateral security against any liability that the vendors of that company may incur from acts by the National Hees group subsequent to date of sale. An agreement to indemnify up to a limit of \$65,000 has been given to the vendors of Designed Precision Castings Limited for any liability they may incur from acts by the National Hees Group subsequent to date of sale.
8. An option to purchase 25,000 common shares at \$3.00 per share has been granted to St. Adele Valley Enterprises Limited. This option may be exercised to November 7, 1969 or the period of guarantee (see note 5) whichever is the later.
9. Cumulative dividends on the 1st Preferred shares 1963 series in the aggregate of \$103,544 have not been paid.

National Hees Industries Limited and Subsidiary Companies  
Consolidated Statement of Loss and Deficit  
for the eleven months ended May 31, 1968

	\$	
SALES		860,454
COST OF SALES		597,061
GROSS PROFIT		263,393
EXPENSES:		
Selling and administrative expenses		195,479
Interest and finance costs		54,130
		249,609
NET INCOME FOR PERIOD BEFORE DEDUCTING		
PRE-ACQUISITION PROFIT		13,784
Less:		
Pre-acquisition profit		16,618
NET LOSS FOR PERIOD		2,834
DEFICIT AS AT JUNE 30, 1967		782,967
Income Tax in respect of prior years		8,315
DEFICIT AS AT MAY 31, 1968		\$ 794,116

National Hees Industries Limited and Subsidiary Companies  
Consolidated Statement of Source and Application of Funds  
for the eleven months ended May 31, 1968

FUNDS PROVIDED BY:	\$	\$
Net Profit for the eleven month period	13,784	
Depreciation expense not requiring outlay of funds	30,789	44,573
Long Term debt		435,466
Sale of common shares from Treasury		160,000
Minority interest		22,500
		662,539

FUNDS APPLIED TO:

Income tax in respect of prior years/	8,315	
Repayment of first mortgage	20,000	
Retirement of long term debt	71,198	
Net acquisitions less disposals of fixed assets	496,170	
Purchase of undertaking and goodwill of Designed Precision Castings Limited including pre acquisition profits	440,626	1,036,309

DECREASE IN WORKING CAPITAL      \$ 373,770



WINSPEAR, HIGGINS, STEVENSON AND DOANE

CHARTERED ACCOUNTANTS

Correspondents in the  
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and the UNITED STATES  
OF AMERICA

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University 1-8361  
Cable Address  
Nosnevets  
635 Dorchester Blvd. West  
Montreal 2, Quebec.

AUDITORS' REPORT

To the Shareholders of

AQUILA COMPUTER SERVICES LTD.

We have examined the Balance Sheet of Aquila Computer Services Ltd. as at 31st March, 1968 and the Statements of Profit and Loss and Retained Earnings for the year then ended. Our examination included a general review of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying Balance Sheet and Statements of Profit and Loss and Retained Earnings, together with note thereto, present fairly the financial position of the company as at 31st March, 1968 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Certain partners of this Firm are directors and officers of the company and, together with other partners, own in the aggregate seven hundred common shares.

"WINSPEAR, HIGGINS, STEVENSON AND DOANE"

WINSPEAR, HIGGINS, STEVENSON AND DOANE

CHARTERED ACCOUNTANTS

18th MAY, 1968



AQUILA COMPUTER SERVICES LTD.

BALANCE SHEET  
AS AT 31st MARCH, 1968  
(With Comparative Figures for the Previous Year)

A S S E T S

	<u>1968</u>	<u>1967</u>
<u>CURRENT</u>		
Cash	4,512	1,948
Accounts Receivable and Accrued Billings	196,622	93,693
Estimated Income Tax Refund		107
Inventory of Supplies (at Cost)	12,013	4,910
Prepaid Expenses	<u>8,163</u>	<u>5,233</u>
	221,315	<u>105,941</u>
<u>FIXED (at Cost)</u>		
Furniture and Fixtures	12,857	7,467
Less Accumulated Depreciation	<u>4,153</u>	<u>1,976</u>
	8,704	<u>5,489</u>
<u>LEASEHOLD IMPROVEMENTS</u> less amounts written off	<u>3,094</u>	<u>4,641</u>
	<u>233,113</u>	<u>116,071</u>

L I A B I L I T I E S

<u>CURRENT</u>		
Bank Loan	15,000	
Accounts Payable and Accrued Charges	49,539	110,971
Income Taxes	<u>72,109</u>	
	136,648	<u>110,971</u>
<u>UNEARNED SERVICE FEES</u>	11,726	<u>13,075</u>

SHAREHOLDERS' EQUITY

<u>CAPITAL STOCK</u>		
Authorized		
10,000 Common Shares of \$1.00 each Par Value	<u>\$10,000.</u>	
Issued and Outstanding		
1,000 Common Shares	1,000	1,000
<u>RETAINED EARNINGS (as per Statement attached)</u>	<u>83,739</u>	<u>(8,975)</u>
	84,739	<u>(7,975)</u>
	233,113	<u>116,071</u>

SIGNED ON BEHALF OF THE BOARD

"M. H. BLAKELY" DIRECTOR

"J. A. MADILL" DIRECTOR

AQUILA COMPUTER SERVICE LTD.

NOTE TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31st MARCH, 1968

Subsequent to the date of the Balance Sheet, the company loaned \$12,475. and purchased 2500 Common Shares of a value of One Cent each of Aquila Computer Services Ltd., incorporated in the Province of British Columbia.



AQUILA COMPUTER SERVICE LTD.

STATEMENT OF PROFIT AND LOSS  
FOR THE YEAR ENDED 31st MARCH, 1968

(With Comparative Figures for the Previous Year)

	<u>1968</u>	<u>1967</u>
Service Fees	<u>856,888</u>	<u>530,449</u>
Direct Overhead		
Amortization of Leasehold Improvements	<u>1,547</u>	<u>1,547</u>
Other	<u>261,231</u>	<u>195,158</u>
	<u>262,778</u>	<u>196,705</u>
Salaries		
Officers - Directors	<u>28,800</u>	<u>29,400</u>
Other	<u>349,385</u>	<u>273,270</u>
	<u>378,185</u>	<u>302,670</u>
Delivery, Selling, General and Administrative		
Depreciation of Furniture and Fixtures	<u>2,176</u>	<u>1,372</u>
Other	<u>48,819</u>	<u>28,651</u>
	<u>50,995</u>	<u>30,023</u>
	<u>691,958</u>	<u>529,398</u>
Net Profit before Income Taxes	164,930	1,051
<u>Deduct</u>		
Provision for Income Taxes	<u>72,216</u>	-
Net Profit for the Year	<u>92,714</u>	<u>1,051</u>

AQUILA COMPUTER SERVICES LTD.

STATEMENT OF RETAINED EARNINGS  
FOR THE YEAR ENDED 31st MARCH, 1968  
(With Comparative Figures for the Previous Year)

	<u>1968</u>	<u>1967</u>
Balance at debit at beginning of the Year	8,975	10,026
<u>Deduct</u>		
Net Profit for the Year	<u>92,714</u>	<u>1,051</u>
Balance at end of the Year	<u>83,739</u>	<u>(8,975)</u>

Note: Brackets denote negative figures.



16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	<div>Edper Investments Limited, 2055 Peel Street, Suite 400, Montreal 2, Quebec.</div> <div>Edper Investments Ltd. is owned by a trust established by Allan Bronfman, 9 Belvedere Road, Westmount, Montreal, Quebec for his children</div>			
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	<u>Amount</u>	<u>Security</u>	<u>Book Value</u>	<u>Market Value at July 3, 1968</u>
		<u>National Hees Industries Limited</u>		
	62,186	Common shares	\$368,358	\$349,796
	150,000	2nd Preferred Shares	150,000	-
	\$220	Promissory Notes of 1968	220	-
	\$20,000 face value	Home Oil Convertible Debentures 5½% 1984	23,861	24,000
	\$10,000 face value	Western Mines 6½% June 15, 1973	9,800	7,900
	\$ 2,000 face value	Rothmans of Pall Mall 7% 1988	2,045	2,100
18. Brief statement of any lawsuits pending or in process against company or its properties.	NIL			
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	NIL			
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	All material facts are disclosed in the foregoing. No shares in the Company are in the course of primary distribution to the public.			

DATED July 3, 1968

CERTIFICATE OF THE COMPANY

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

"A.T. Holland" A.T. Holland President

"J.T. Eyton" J.T. Eyton Secretary

CORPORATE SEAL

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)

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THE TORONTO STOCK EXCHANGE

FILING STATEMENT NO. 1635.  
FILED, AUGUST 29th, 1968.

THE GREAT WEST SADDLERY COMPANY LIMITED

Full corporate name of Company  
Incorporated under the Companies Act (Canada) by Letters Patent dated the 24th day of February, 1928.

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953 (Ontario) by Letters Patent dated May 1st, 1957).

Reference is made to previous Filing Statement No. 1621.

FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other things, an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	<p>1(a) The proposed amalgamation of the Company with a new Canada corporation to be formed which shall have previously exchanged its shares for certain real estate investments of Mr. Sam Hashman and related persons of Calgary, and Edper Investments Limited and related persons of Montreal.</p> <p>(b) The loan by the Company to Space Research Institute, Troy, Vermont of \$650,000 and the acquisition by the Company of 25% of the outstanding shares of Giltaur Corporation Ltd. ("Giltaur"), one of the companies comprised in Space Research Institute, and an option to acquire the remaining outstanding shares of Giltaur with all the business and assets of Space Research Institute for 200,000 treasury shares during the longer of two years or the time the loan is outstanding.</p> <p>(c) The proposed issue by the Company of 170,000 shares from treasury to three institutional purchasers at a price of 11.82 per share less commissions to brokers of 25¢ per share.</p> <p>Further particulars in respect of these proposed transactions are set out in the attached Schedule "A".</p> <p>(See Schedule "A" on pages 3 to 7 inclusive)</p>
2. Head office address and any other office address.	628 King Street West, Toronto 2b, Ontario.
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	<p><u>Present Directors</u></p> <p>Neil W. Baker, 452 Hudson Street, Montreal West, Quebec Chairman of the Board</p> <p>B. Hewson Breckenridge, 92 Main Street South, Georgetown, Ontario</p> <p>Donald Ross Cleveland, 19 Old Mill Terrace, Islington, Ontario.</p> <p>J. Trevor Eyton, 30 Ridge Drive, Toronto 7, Ontario Secretary</p> <p>Alfred Theodored Holland, 93 Post Road, Don Mills, Ontario President</p> <p>Paul J. Lowenstein, 4862 Jean Brillant Avenue, Montreal, Quebec Treasurer</p> <p>Leonard B. Spilfogel, 5765 Cote St. Luc Road, Apt. 312, Montreal, Quebec.</p>
4. Share capitalization showing authorized and issued and outstanding capital.	<p><u>Authorized:</u> 4,000,000 common shares without nominal or par value</p> <p><u>Issued and Fully Paid:</u> 1,978,451 common shares</p>
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	<p>Notes outstanding:</p> <p>(1) 8% note in the principal amount of \$91,000 due 30 days after demand payable to St. Adele Valley Enterprises Ltd.</p> <p>(2) 8% note in the principal amount of \$31,161 due in instalments to August 28, 1969 payable to Gordon Leaseholds Limited.</p>

6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	<p>6(a) The new corporation to be formed as referred to in item 1 will have an authorized share capital of 3,474,688 shares which will be exchanged for certain real estate investments of Mr. Sam Hashman and related persons and Edper Investments Limited and related persons. This exchange will involve 1,475,785 shares issued to Mr. Sam Hashman and related persons and 1,998,903 shares issued to Edper Investments Limited and related persons. Subsequent to this exchange the new corporation and the Company will be amalgamated under the name Great West Saddlery having an authorized capital of 10,000,000 shares, and the outstanding shares of the new corporation and the Company will be converted into shares of the amalgamated corporation on a share-for-share basis.</p> <p>(b) As referred to in item 1, the Company has been granted an option to acquire Giltaur with all the business and assets of Space Research Institute for 200,000 treasury shares during the longer of two years or while the \$650,000 loan to Space Research Institute is outstanding.</p> <p>Further particulars in respect of these proposed issues of treasury shares are set out in the attached Schedule "A"</p> <p>(See Schedule "A" on pages 3 to 7 inclusive)</p> <p>(c)</p> <p>The Company proposes to issue treasury shares to the persons in the numbers and at the prices hereinafter set forth:</p> <table><tr><th>Subscriber</th><th>No. of shares</th><th>Gross Price</th></tr><tr><td>Regent Fund Ltd., Terminal Tower Building, Suite 1500, 1800 Dorchester Blvd. W., Montreal, Quebec. Attention Mr. J. Angers.</td><td>100,000</td><td>\$11.82 per share</td></tr><tr><td>Royal Trust Company, 630 Dorchester Blvd. W., Montreal, Quebec. Attention Mr. R. Bretton.</td><td>50,000</td><td>\$11.82 per share</td></tr><tr><td>Executive Fund Ltd. 1350 Sherbrook St. W., Montreal, Quebec. Attention Mr. J. Rogers</td><td>20,000</td><td>\$11.82 per share</td></tr></table> <p>Pursuant to directions received by the Company commissions will be payable to brokers on account of these subscriptions at the rate of 2% per share.</p> <p>The subscriptions received by the Company covering the proposed issue of treasury shares expressly state that the shares thereby acquired will be held as investments.</p>	Subscriber	No. of shares	Gross Price	Regent Fund Ltd., Terminal Tower Building, Suite 1500, 1800 Dorchester Blvd. W., Montreal, Quebec. Attention Mr. J. Angers.	100,000	\$11.82 per share	Royal Trust Company, 630 Dorchester Blvd. W., Montreal, Quebec. Attention Mr. R. Bretton.	50,000	\$11.82 per share	Executive Fund Ltd. 1350 Sherbrook St. W., Montreal, Quebec. Attention Mr. J. Rogers	20,000	\$11.82 per share
Subscriber	No. of shares	Gross Price											
Regent Fund Ltd., Terminal Tower Building, Suite 1500, 1800 Dorchester Blvd. W., Montreal, Quebec. Attention Mr. J. Angers.	100,000	\$11.82 per share											
Royal Trust Company, 630 Dorchester Blvd. W., Montreal, Quebec. Attention Mr. R. Bretton.	50,000	\$11.82 per share											
Executive Fund Ltd. 1350 Sherbrook St. W., Montreal, Quebec. Attention Mr. J. Rogers	20,000	\$11.82 per share											
7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	<p>(See Schedule "B" on page 8.)</p>												
8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	<p>Nil</p>												
9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	<p>As stated in the previous filing statement of the Company dated July 3, 1968, the Company is currently engaged in a planned programme of investment and acquisition. The acquisition of Aquila Computer Services Limited was referred to in detail in the previous filing statement. This and the two proposed transactions in respect of which this statement is filed represent prospective investments by the Company as part of its programme of investment and acquisition in businesses and industries affording a higher than average growth potential.</p> <p>The net proceeds received by the Company from Item 6 (C) above will be applied in connection with its programme of investment and acquisition, and to provide Aquila Computer Services Limited with funds for additional computer equipment and services assuming that the purchase of Aquila Computer Services Limited is ratified by the minority shareholders of the Company at the special general meeting of shareholders to be held on Tuesday, September 3 and that this purchase is subsequently completed.</p>												
10. Brief statement of company's chief development work during past year.	<p>The Company has expended substantial effort in the past year in assisting National Hees Industries Limited, in which the Company presently holds a controlling interest. More recently, the Company has expended its major effort in examining possible acquisitions and investments in keeping with its programme of investment and acquisition.</p>												



Schedule "A"

Item 1:

(a) By letter of intent dated August 6, 1968 between Mr. Sam Hashman, Edper Investments Limited and the Company the following transactions are proposed:

- (i) Mr. Sam Hashman will form a Canada corporation with an authorized capital of 3,474,688 shares which shall exchange 1,475,785 of its shares for the real estate investments of Mr. Sam Hashman and related persons, which investments are in the form of shares in the companies referred to below, shareholders' loans to these companies in excess of \$500,000 and minority interests in the Macleod Mall Shopping Centre, Calgary referred to below.

The companies (the "Hashman companies") whose shares are being exchanged for shares in the amalgamated corporation, the vendors and the percentage ownerships of the vendors, and the principal real estate assets of the Hashman companies are as follows:

<u>COMPANY</u>	<u>% Owned by Vendor</u>	<u>VENDOR</u>	<u>PRINCIPAL ASSETS (Real Estate) Owned</u>
Sam Hashman & Co. Ltd.	100%	Sam Hashman	45% interest in Calgary Place, Calgary, a joint venture. 25% interest in Royal Bank Building, Calgary, a joint venture 40% interest in College Shopping Mall, Lethbridge, Alberta, a joint venture 100% of the issued shares of Broad Street Park Development Corp. Ltd. which, in turn, owns a 50% interest in Regina Centre, Regina, Sask., a joint venture Land in Memphis, Tennessee, U.S.A. Land between 94th and 98th Ave. on 1st Street, S.E. Calgary 70% interest in Macleod Mall Shopping Centre, Calgary, a joint venture 100% of the issued shares of Hashman Construction (Edmonton) Ltd., which, in turn owns a 50% interest in the Ninety-Ninth Ave Building, Edmonton, a joint venture.
Sam Hashman Management Ltd.	100%	Sam Hashman and the trustees for the children of Mr. and Mrs. Sam Hashman	48.59% of the issued shares of Caravan Motor Hotel Ltd. which, in turn, owns 100% of the Caravan Motor Hotel, Calgary, 20% of the issued shares of Brentex Properties Ltd. which, in turn, owns 100% of the Centennial Building, Calgary.  50% of the issued shares of Norsam Holdings Ltd. which, in turn, owns 100% of the Norsam Apartments, Calgary.
Hashman Construction Co. Ltd.	100%	Mrs. Sam Hashman	Nil

The minority interests in the Macleod Mall Shopping Centre, Calgary previously referred to are owned by Edmund Sardachuk, Thomas Alan Gray, Edward Clarence Elford and George Ermerich Duska, who collectively have a 30% interest in this Centre.

- (ii) The new corporation will enter into an agreement under which it will exchange the remaining 1,998,903 of its shares for the real estate investments of Edper Investments Limited and related persons, which investments are in the form of shares in the companies referred to below and shareholders' loans to these companies. The companies (the "Edper companies") whose shares are being exchanged for shares in the amalgamated corporation, the vendors and the percentage ownerships of the vendors, and the principal real estate assets of the Edper companies are as follows:

<u>COMPANY</u>	<u>%Owned</u> by Vendor	<u>VENDOR</u>	<u>PRINCIPAL ASSETS</u> (Real Estate) Owned
Fremor Investments Ltd.	100	Peter and Edward Bronfman	Peel Centre, Montreal, P.Q.
Edper (Alberta) Ltd.	100	Edper Investments Ltd. and A. R. Bruneau	60% interest in Centennial Building, Edmonton, a joint venture.
Edper (Edmonton) Ltd.	100	Edper Investments Ltd. and A. R. Bruneau	50% interest in Ninety-Ninth Avenue Building, Edmonton, a joint venture.
Elmwood Realities Ltd.	40	Edper Investments Ltd.	Elmwood Building, Westmount, Quebec.
Empress Holdings Ltd.	100	Edper Investments Ltd.	Empress Bowling Lanes, Winnipeg, Manitoba
Kingston Terminal Properties Ltd.	50	Edper Investments Ltd.	Kingston Bowling Lanes and Bus Terminal, Kingston, Ontario.
Dunleary Investments Ltd.	66 2/3	Edper Investments Ltd.	50% of the issued shares of Murney Development Ltd. which, in turn, owns 100% of the Holiday Inn, Kingston, Ontario.
Eagle Parking Ltd.	100	Mrs. Allan Bronfman	land at corner of Mountain and Maisonneuve, Montreal, P.Q.
Progress Parking Ltd.	100	Edper Investments Ltd.	land on Drummond Street, Montreal, P.Q.
A. W. - 3 Inc	100	Everest Investments Ltd.	a 50% interest in a shopping centre in San Jose, California, U.S.A., a joint venture
S. J. Acres Inc	100	Everest Investments Ltd.	50% interest in parcel of land in San Jose, California a joint venture.
Mount Stephen-Sherbrooke Holdings Corp. Ltd.	100	Edper Investments Ltd.	Parkview Apartments, Westmount, Quebec.
Normandie Shopping Centre Ltd.	50	Edper Investments Ltd.	(a) Le Montmorency Apartments, Quebec City (b) Le Normandie Shopping Centre, Montreal, P.Q.
Spring Garden Realities Ltd.	50	Edper Investments Ltd.	Spring Garden Apartments, Halifax, Nova Scotia
Edper (B.C.) Ltd.	100	Edper Investments Ltd. and A. R. Bruneau	Lougheed Shopping Mall, Burnaby, B.C.

Edper Investments is owned by a trust established by Allan Bronfman, 9 Belvedere Road, Westmount, Montreal, for his children.



- (iii) The real estate investments of Mr. Sam Hashman and related persons are given a gross value of \$25,000,000 against which there are liabilities owing of approximately \$15,000,000, and the real estate investments of Edper Investments and related persons are given a gross value of \$32,000,000 against which there are liabilities of approximately \$18,000,000. The equity represented by these figures is made up of the value of the shareholders' loans and the book values of the Hashman companies (including the minority interests in Macleod Mall Shopping Centre) and of the Edper companies, after adjusting their real estate assets to their agreed values. These agreed values are subject to confirmation by Messrs. Touche, Ross, Bailey & Smart, chartered accountants, which in performing its audit shall accept the values of the real estate assets of the Hashman companies and the Edper companies established by appraisals to be conducted by Howard P. Hamilton, A.A.C.I., Howard P. Hamilton Appraisal Company Limited, 410, 4th Street South West, Calgary and by Mr. Lincoln North, A.A.C.I., M.A.I., Eng., North and Leonard Inc., 360, Victoria Avenue, Westmount, Quebec, and shall establish itself the values of the liabilities and assets (other than real estate assets) of the Hashman companies and of the Edper companies. If the values determined by Messrs. Touche, Ross, Bailey & Smart are less than the agreed values under the letter of intent, then the numbers of shares of the new corporation to be issued to Mr. Sam Hashman and related persons and to Edper Investments and related persons will be approximately adjusted on a basis satisfactory to all parties, including the Company.
- (iv) The letter of intent provides that, subject to approval and ratification of an appropriate amalgamation agreement by the shareholders of the Company and the new corporation and obtaining letters patent in this regard, the Company and the new corporation will be amalgamated into a corporation with an authorized capital of 10,000,000 shares, and the outstanding shares of the Company and the new corporation will be converted into shares of the amalgamated corporation on a share-for-share basis. The real estate investments of the new corporation which will be held by the amalgamated corporation after the amalgamation date will provide a cash flow of not less than \$1,500,000 annually.
- (v) The letter of intent also provides that the amalgamated corporation will have not less than eight directors of whom not less than one-half will be nominees of Edper Investments, one will be a nominee of the vendors of Aquila Computer Services Limited who were disclosed in the previous filing statement of the Company, and up to three will be nominees of Mr. Sam Hashman, depending on the number of shares in the amalgamated corporation held by him. The letter of intent also provides that Mr. Sam Hashman will enter into a three-year employment contract with the amalgamated corporation which will prohibit him from investing or participating in any other company engaged in the real estate development business or the construction business in British Columbia, Alberta, Ontario and Quebec during the term of the employment and for one year thereafter. Further, the letter of intent provides that the amalgamated corporation will cause the Hashman companies to repay to Mr. Sam Hashman and related persons the \$500,000 principal amount of shareholders' loans which will not be exchanged with the new corporation.

- (vi) Under the letter of intent Edper Investments proposes to grant a "put" to Mr. Sam Hashman at a price of \$5.00 per share running for a period of two and one-half years covering 300,000 shares of the amalgamated corporation to be issued to him on the amalgamation date, subject to the proviso that the "put" will become null and void to the extent that he shall have received net of normal commissions \$3,500,000 from the sale of shares of the amalgamated corporation, including any shares sold by him under the "put".

In addition, the letter of intent provides that Mr. Sam Hashman will not sell any shares of the amalgamated corporation for twelve months after the amalgamation date and will not sell more than 221,400 of such shares in any subsequent twelve-month period up to the expiry of four years after the amalgamation date, exclusive however, of any shares sold by him under the "put" granted by Edper Investments. Furthermore, the letter of intent provides that Mr. Sam Hashman and Edper Investments shall have reciprocal rights of first refusal in respect of any proposed sale or disposition by the other.

The letter of intent also provides for a buy-sell arrangement between Mr. Sam Hashman and Edper Investments such that either of these parties may give to the other a notice specifying that it wishes to purchase or sell all of the shares of the amalgamated corporation held by it at a specified price, whereupon the other party may accept either the offer to purchase or the offer to sell within ninety (90) days, with the proviso that if the other party does not accept either of these offers it shall be deemed to have accepted the offer to purchase of the other party.

The letter of intent provides that all of the foregoing obligations of Edper Investments in respect of the shares held by it are subject to the prior rights of the same tenor held by the vendors of Aquila Computer Services Limited which were referred to in the previous filing statement of the Company.

- (vii) The Hashman companies are currently engaged in construction work on the projects referred to below:

Ninety-Ninth Avenue Building, Edmonton

Centennial Village Shopping Centre -  
office tower addition, Edmonton.

Warehouse for Sara Investments Ltd.,  
Vancouver.

Lougheed Shopping Mall, Vancouver.

College Shopping Mall, Lethbridge.

Calgary Place, Calgary.

Pacific 66 Building, Calgary.

Royal Bank Building, Calgary.

Trailer plant, Calgary.

Cara Flight Kitchen, Calgary.

Macleod Mall Apartments, Calgary.

Brentwood Shopping Centre Renovations  
and Theatre, Calgary.

Addition to Super S. Drugs, Calgary.



Under the letter of intent Mr. Sam Hashman will warrant to the new corporation that aggregate on-site gross construction profits on these projects subsequent to May 31, 1968 will be not less than \$1,900,000. In this regard, "on-site gross construction profits" means profits before general and administrative expenses, provision for income taxes and depreciation, all calculated in accordance with generally accepted accounting practices.

- (viii) The letter of intent provides that the proposed transactions are conditional upon settling and executing documentation in form and substance satisfactory to all parties and their respective solicitors, and to obtaining all approvals, consents, exemptions, rulings and opinions required of all governmental and regulatory authorities, including the Ontario and Alberta Securities Commissions, the Toronto Stock Exchanges and government taxing authorities.
- (ix) The letter of intent provides that each party shall bear its own expenses.
- (b) The Company has been granted an option to acquire Space Research Institute, an organization comprised of two non-profit companies and Giltaur Corporation Ltd. ("Giltaur") which leases lands and buildings to the two non-profit companies. The Company has retained a prominent U. S. and Canadian consulting firm to assess the commercial potential of Space Research Institute, and if this study indicates that there is a substantial potential, the Company proposes to exercise its option. Space Research Institute operates from two main sites, one comprising approximately 4,000 acres freehold and 11,000 acres leasehold straddling the Quebec-Vermont border, and the other in Barbados, and has approximately 190 scientists, technicians, administrative and clerical personnel who are employed in space research, ballistics and orbital technology. Space Research Institute has not been profit oriented to date, and consequently in spite of the fact that it has received substantial sums of money in the form of Canadian and United States government grants and payments under contracts with government agencies and private industry its operations have never been financially profitable.

All of the outstanding shares of Giltaur were owned by Dr. Paul Gilbert, Dr. Gerald V. Bull and Mr. Lambert Doray prior to the letter agreement dated June 14, 1968 between the Company, Giltaur, Dr. Paul Gilbert, Dr. Gerald V. Bull and Mr. Lambert Doray, in which the following agreements were specified:

- (i) The Company agreed to lend Giltaur \$650,000 with interest at the rate of  $8\frac{1}{2}\%$  per annum payable by three annual instalments of \$50,000 commencing two years after the date of the loan and by a final payment of \$500,000 five years after the date of the loan. This loan was to be secured by a first mortgage on the lands and buildings owned by Giltaur and by a first floating charge on its remaining assets, and in fact was made by the Company in accordance with the terms of the letter agreement on July 10, 1968.
- (ii) The Company was granted as a bonus for the \$650,000 loan a 25% interest in the outstanding shares of Giltaur, and an option exercisable during the longer of two years or while the \$650,000 loan was outstanding, to purchase the remaining 75% of the outstanding shares of Giltaur for a purchase price to be satisfied by the issue of 200,000 treasury shares of the Company. The 25% interest in the outstanding shares of Giltaur was acquired from Dr. Paul Gilbert, Dr. Gerald V. Bull and Mr. Lambert Doray, and the remaining 75% interest would also be acquired from these same persons who would receive in return the 200,000 treasury shares of the Company in proportion to their respective holdings in Giltaur. The letter agreement provides that if the market value of the 200,000 treasury shares of the Company shall be less than \$700,000 at the time of the exercise of the option, then the Company will pay to Dr. Paul Gilbert, Dr. Gerald V. Bull and Mr. Lambert Doray an amount equal to the difference between \$700,000 and this market value. The letter agreement further provides for a voting trust agreement under which the Company on the one hand and Dr. Paul Gilbert, Dr. Gerald V. Bull and Mr. Lambert Doray on the other would each control 50% of the votes attaching to the outstanding shares of Giltaur and a corresponding right for each to nominate one-half the board of directors of Giltaur. This voting trust agreement is to remain in force while the option held by the Company is in force.
- (iii) Simultaneously with the execution of the letter agreement, a separate letter agreement was entered into between Giltaur and the two non-profit companies comprised in Space Research Institute providing for the transfer to Giltaur of assets held by the non-profit companies upon their conversion into companies with share capital operated for profit purposes. The rights of Giltaur under this separate letter agreement have been assigned to the Company during the period its option is outstanding.

SCHEDULE "B"

7(a) The new corporation to be formed as referred to in item 1 will exchange its shares for the real estate investments of Mr. Sam Hashman, 1100 Baldwin Crescent, Calgary, and related persons being:

Paul Ferner,  
11th floor,  
600 - 6th Avenue South West,  
Calgary

and

Ross P. Alger,  
615 - 6th Street South West,  
Calgary

trustees for the infant children of Mr. and Mrs. Sam Hashman.

Mrs. Sam Hashman,  
1100 Baldwin Crescent,  
Calgary.

Edmund Saradachuk,  
2928 University Place,  
Calgary.

Thomas Alan Gray,  
4 Walnut Drive,  
Calgary.

Edward Clarence Elford,  
215 Willow Ridge Place,  
Calgary, and

George Ermerich Duska,  
32 Constable Road, N. W.,  
Calgary.

and Edper Investments Limited, Suite 400, 2055 Peel Street, Montreal 2, Quebec and related persons being:

Peter Bronfman,  
5 Lansdowne Ridge,  
Montreal 6, Quebec,

Edward Bronfman,  
67 Forden Crescent,  
Montreal 6, Quebec,

A. R. Bruneau,  
4386 Kingston Street,  
Pierrefonds, Quebec,

Mrs. Allan Bronfman,  
9 Belvedere Road,  
Westmount, Quebec, and

Everest Investments Limited,  
Suite 400,  
2055 Peel Street,  
Montreal 2, Quebec.

(b) Space Research Institute is comprised of two non-profit companies and Giltaur, which leases lands and buildings to the two non-profit companies. All the outstanding shares of Giltaur are owned by:

Dr. Paul Gilbert,  
40 - 9th Avenue,  
Charney,  
Levis County, Quebec.

Dr. Gerald V. Bull,  
1676 Place Seigneurale,  
St. Bruneau, Quebec, and

Mr. Lambert Doray,  
1015 Conde Street,  
Laval, Quebec,

the persons who have granted the Company the option to acquire Giltaur with all the business and assets of Space Research Institute for an option price to be satisfied by the issue of 200,000 treasury shares of the Company.

Further particulars in respect of the option are set out in the attached Schedule "A".



11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	<p>The names and addresses of the vendors of property and assets intended to be purchased by the Company are set out in item 7, and the considerations to be paid to these vendors are particularly set out in the attached Schedule "A".</p> <p>(See Schedule "A" on pages 3 to 7 inclusive.)</p>												
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	<p>The names and addresses of the vendors of property and assets intended to be purchased by the Company are set out in item 7.</p> <p>(See Schedule "B" on page 8.)</p>												
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	<p>The letter agreement covering the proposed transactions referred to in item 6(a) provide for the appointment of nominees of Edper Investments and Mr. Sam Hashman to the board of directors of the Company, and also restrict the ability of either of these parties to sell shares to other persons. Particulars in respect of these pooling agreements are particularly described in the attached Schedule "A".</p> <p>(See Schedule "A" on pages 3 to 7 inclusive.)</p>												
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	Nil.												
15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	<p>See attached Schedule "A". The shares of the amalgamated corporation to be held by Mr. Sam Hashman and related persons and Edper Investments Limited and related persons are subject to the pooling agreement more particularly described in the attached Schedule "A". (See Schedule "A" on pages 3 to 7 inclusive.)</p> <table> <tr> <th><u>Name</u></th><th><u>Common Shares Beneficially Owned</u></th></tr> <tr> <td>Edper Investments Limited, Suite 400, 2055 Peel Street, Montreal 2, Quebec.</td><td>1,124,666</td></tr> <tr> <td>Candeco Limited, 628 King Street West, Toronto 2b, Ontario</td><td>150,000</td></tr> <tr> <td>All-Canadian Venture Fund Limited, 41st Floor North, Place Ville Marie, Montreal 2, Quebec.</td><td>125,000</td></tr> <tr> <td>Peter Bronfman, 6 Lansdowne Ridge, Montreal 6, Quebec.</td><td>75,000</td></tr> <tr> <td>Edward Bronfman, 67 Forde Crescent, Montreal 6, Quebec.</td><td>75,000</td></tr> </table>	<u>Name</u>	<u>Common Shares Beneficially Owned</u>	Edper Investments Limited, Suite 400, 2055 Peel Street, Montreal 2, Quebec.	1,124,666	Candeco Limited, 628 King Street West, Toronto 2b, Ontario	150,000	All-Canadian Venture Fund Limited, 41st Floor North, Place Ville Marie, Montreal 2, Quebec.	125,000	Peter Bronfman, 6 Lansdowne Ridge, Montreal 6, Quebec.	75,000	Edward Bronfman, 67 Forde Crescent, Montreal 6, Quebec.	75,000
<u>Name</u>	<u>Common Shares Beneficially Owned</u>												
Edper Investments Limited, Suite 400, 2055 Peel Street, Montreal 2, Quebec.	1,124,666												
Candeco Limited, 628 King Street West, Toronto 2b, Ontario	150,000												
All-Canadian Venture Fund Limited, 41st Floor North, Place Ville Marie, Montreal 2, Quebec.	125,000												
Peter Bronfman, 6 Lansdowne Ridge, Montreal 6, Quebec.	75,000												
Edward Bronfman, 67 Forde Crescent, Montreal 6, Quebec.	75,000												
16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	<p>Edper Investments Limited, Suite 400, 2055 Peel Street, Montreal 2, Quebec.</p> <p>Edper Investments Limited is owned by a trust established by Allan Bronfman, 9 Belvedere Road, Westmount, Montreal, Quebec, for his children.</p>												

17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	<table><tr><th><u>Amount</u></th><th><u>Security</u></th><th><u>Book Value</u></th><th><u>Market Value at August 15, 1968</u></th></tr><tr><td colspan="4"><u>National Hees Industries Limited</u></td></tr><tr><td>62,186</td><td>Common shares</td><td>\$368,358</td><td>\$559,674</td></tr><tr><td>150,000</td><td>2nd Preferred Shares</td><td>150,000</td><td>-</td></tr><tr><td>\$220</td><td>Promissory Notes of 1968</td><td>220</td><td>-</td></tr><tr><td>\$20,000 face value</td><td>Home Oil Convertible Debentures 5½% 1984</td><td>23,861</td><td>25,000</td></tr><tr><td>\$10,000 face value</td><td>Western Mines 6½% June 15, 1973</td><td>9,800</td><td>7,900</td></tr><tr><td>\$ 2,000 face value</td><td>Rothmans of Pall Mall 7% 1988</td><td>2,045</td><td>2,100</td></tr></table>	<u>Amount</u>	<u>Security</u>	<u>Book Value</u>	<u>Market Value at August 15, 1968</u>	<u>National Hees Industries Limited</u>				62,186	Common shares	\$368,358	\$559,674	150,000	2nd Preferred Shares	150,000	-	\$220	Promissory Notes of 1968	220	-	\$20,000 face value	Home Oil Convertible Debentures 5½% 1984	23,861	25,000	\$10,000 face value	Western Mines 6½% June 15, 1973	9,800	7,900	\$ 2,000 face value	Rothmans of Pall Mall 7% 1988	2,045	2,100
<u>Amount</u>	<u>Security</u>	<u>Book Value</u>	<u>Market Value at August 15, 1968</u>																														
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\$10,000 face value	Western Mines 6½% June 15, 1973	9,800	7,900																														
\$ 2,000 face value	Rothmans of Pall Mall 7% 1988	2,045	2,100																														
18. Brief statement of any lawsuits pending or in process against company or its properties.	Nil																																
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	Nil																																
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	All material facts are disclosed in the foregoing. Financial statements of the Company covering the period ended June 30, 1968 were submitted with the previous filing statement of the Company dated July 3, 1968. There have been no material changes in the financial position of the Company since June 30, 1968 except as referred to in this filing statement. No shares in the Company are in the course of primary distribution to the public.																																

DATED August 29, 1968

**CERTIFICATE OF THE COMPANY**

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

"A.T. Holland"  
"J.T. Eyton"

A.T. Holland  
Director and President

CORPORATE  
SEAL

Director  
**CERTIFICATE OF UNDERWRITER OR OPTIONEE and Secretary.**

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)



# THE TORONTO STOCK EXCHANGE

6/5/68

FILING STATEMENT NO. 1613.  
FILED, May 6th, 1968

## GREAT WEST SADDLERY COMPANY LIMITED

Full corporate name of Company

Incorporated under the Companies Act (Canada) by  
Letters Patent dated 24th day of February, 1928

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953  
(Ontario) by Letters Patent dated May 1st, 1957).

Reference is made to previous  
Filing Statement No. 993.

## FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other things,  
an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	1(a) the sale by Great West Saddlery Co. Ltd. to St. Adele Valley Enterprises Ltd. of 25,000 common shares of National Hees Industries Ltd. (b) changes in the investments of Great West Saddlery Co. Ltd. from Feb. 1, 1967 to Mar. 31, 1968, and (c) the proposed acquisition of control of Great West Saddlery Co. Ltd.; all as more particularly described in the attached Schedule "A".
2. Head office address and any other office address.	628 King Street West, Toronto 2b, Ontario.
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	(See Schedule "A" on pages 4, 5. and 6.)
4. Share capitalization showing authorized and issued and outstanding capital.	Authorized: 1,000,000 common shares without nominal or par value. Issued and Fully Paid: 515,785 shares
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	<p>Note Payable to Empire Realty Limited for \$1,500 in respect of rent on former offices of the Company.</p> <p>5½% Notes Payable to George Von Brevern with a face value of \$40,000 subject to dispute and counter claim by the Company of a greater amount.</p> <p>\$195,136 principal and accrued interest on a 9% demand note payable to Candeco Limited secured by a pledge of the \$150,000 second preferred shares of National Hees Industries Limited for monies advanced to the Company by Candeco Ltd. in June, 1962. Original advance was \$250,000. The President of the Company is an officer and director of Candeco Limited and a shareholder, officer and director of City Wide Property Management Limited, the parent company of Candeco Ltd.</p>
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	<p>The Company proposes to issue and sell to Candeco Ltd. 316,666 treasury shares in full satisfaction of its present indebtedness of approximately \$190,000 to Candeco. The Company also proposes to issue and sell to Everest Investments Ltd. 166,000 treasury shares for a price of 60¢ per share and, subject to increasing the authorized capital of the Company, to issue and sell to Everest Investments Ltd. a further 830,000 shares at 60¢ per share. For further particulars see attached Schedule "A" (See Schedule "A" on pages 4, 5. and 6.)</p>
7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	<p>Candeco Limited, 628 King Street West, Toronto 2b, Ontario.</p> <p>Everest Investments Limited, Suite 400, 2055 Peel Street, Montreal, Quebec.</p>
	(See Schedule "A" on pages 4, 5. and 6.)

8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	NIL																						
9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	Upon acquiring control, Everest Investments Limited proposes to place the Company on a sound financial basis with adequate funds at its disposal permitting it to embark on a planned programme of investment and acquisition.																						
10. Brief statement of company's chief development work during past year.	The Company's main efforts in the past year have been to assist National Hees Industries Limited in its expansion plans. Great West Saddlery Co. Ltd. holds a controlling interest in National Hees Industries Limited																						
11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	(See Schedule "A" on pages 4, 5. and 6.)																						
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	(See Schedule "A" on pages 4, 5. and 6.)																						
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	NIL																						
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	NIL																						
15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if	<table><tr><th>Name</th><th>Common Shares Held</th><th></th></tr><tr><td>Lake &amp; Company, c/o Bank of Montreal, Toronto, Ontario</td><td>188,600</td><td rowspan="3">} of these shares 6,950 are beneficially owned by Professional Directors &amp; Assoc. Limited and 238,000 are beneficially owned by Gordon Leaseholds Limited</td></tr><tr><td>Professional Directors &amp; Assoc. Limited 628 King Street West, Toronto 2b, Ontario</td><td>31,844</td></tr><tr><td>S. J. Brooks &amp; Co. 185 Bay Street, Toronto 1, Ontario</td><td>17,555</td></tr><tr><td>Draper, Dobie &amp; Co. Limited, 25 Adelaide Street West, Toronto, Ontario</td><td>37,236</td><td>(beneficial owners are unknown)</td></tr><tr><td>Gerstley Sunstein &amp; Co. 211 South Broad Street, Philadelphia 7, Penn. U.S.A.</td><td>26,548</td><td>(beneficial owners are unknown)</td></tr><tr><td colspan="3">Professional Directors &amp; Associates Limited owns all of the issued and outstanding shares in the capital of Gordon Leaseholds Limited.</td></tr><tr><td colspan="3">A. T. Holland the President and a director of the Company is the owner of all of the shares in the capital of Professional Directors &amp; Associates Limited.</td></tr></table>	Name	Common Shares Held		Lake & Company, c/o Bank of Montreal, Toronto, Ontario	188,600	} of these shares 6,950 are beneficially owned by Professional Directors & Assoc. Limited and 238,000 are beneficially owned by Gordon Leaseholds Limited	Professional Directors & Assoc. Limited 628 King Street West, Toronto 2b, Ontario	31,844	S. J. Brooks & Co. 185 Bay Street, Toronto 1, Ontario	17,555	Draper, Dobie & Co. Limited, 25 Adelaide Street West, Toronto, Ontario	37,236	(beneficial owners are unknown)	Gerstley Sunstein & Co. 211 South Broad Street, Philadelphia 7, Penn. U.S.A.	26,548	(beneficial owners are unknown)	Professional Directors & Associates Limited owns all of the issued and outstanding shares in the capital of Gordon Leaseholds Limited.			A. T. Holland the President and a director of the Company is the owner of all of the shares in the capital of Professional Directors & Associates Limited.		
Name	Common Shares Held																						
Lake & Company, c/o Bank of Montreal, Toronto, Ontario	188,600	} of these shares 6,950 are beneficially owned by Professional Directors & Assoc. Limited and 238,000 are beneficially owned by Gordon Leaseholds Limited																					
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Professional Directors & Associates Limited owns all of the issued and outstanding shares in the capital of Gordon Leaseholds Limited.																							
A. T. Holland the President and a director of the Company is the owner of all of the shares in the capital of Professional Directors & Associates Limited.																							



1. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	Gordon Leaseholds Limited, 628 King Street West, Toronto 2b, Ontario.  Reference is made to Item 15 as to persons owning shares in Gordon Leaseholds Limited.  (See Schedule "A" on pages 4, 5. and 6.)		
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	<u>Amount</u>	<u>Security</u>	<u>Book value</u>
		<u>National Hees Industries Limited</u>	
	42,186	Common shares	\$278,343
	150,000	2nd Preferred Shares	150,000
	\$220	Promissory Notes of 1968	220
	\$20,000 face value	Home Oil Convertible Debentures 5½% 1984	23,805
	\$20,000 face value	Western Mines 6½% June 15, 1973	9,800
	\$2,000 face value	Rothmans of Pall Mall 7% 1988	2,045
18. Brief statement of any lawsuits pending or in process against company or its properties.	Action by George H. Von Brevern against the company for approximately \$47,000 on account of promissory notes plus interest. The Company has considerable counter claims against the plaintiff and the action is presently at a standstill.  Action by The Clarkson Company Ltd. against the company as a guarantor for Richardson Construction Co. Ltd., has counter claims exceeding the \$90,000 claimed by the plaintiff.		
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	NIL		
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	All material facts have been disclosed in the foregoing. No shares in the company are in the course of primary distribution to the public.		

CERTIFICATE OF THE COMPANY

DATED May 3, 1968.

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

"A.T. Holland"

A.T. Holland

President

CORPORATE  
SEAL

"P.F. Boylen"

P.F. Boylen

Secretary

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)

SCHEDULE "A"

As a result of an oral agreement on March 26, 1968 and subsequent negotiations, Alfred Theodore Holland, Professional Directors & Associates Ltd., Gordon Leaseholds Ltd. and Candeco Ltd. (the "selling group") have agreed to sell 190,000 shares of Great West Saddlery Company Limited ("Great West") to Everest Investments Limited, Suite 400, 2055 Peel Street, Montreal 2, Quebec ("Everest") for a price of \$95,000 (50¢ per share), subject to specified terms and conditions including the correctness of certain warranties and representations of the selling group and the completion of the following additional transactions.

- (1) Great West will purchase from St. Adele Valley Enterprises Limited, Suite 400, 2055 Peel Street, Montreal 2, Quebec ("St. Adele") 20,000 common shares of National Hees Industries Limited ("National Hees") for a purchase price of \$90,000 (\$4.50 per share).
- (2) The inactive wholly owned subsidiaries of Great West will sell their only substantial assets (consisting of construction equipment not currently in use and certain manufacturing equipment leased to a subsidiary of National Hees) to Great West for a price of \$44,000 payable  
(a) by offsetting approximately \$19,000 indebtedness owing by these subsidiaries to Great West,  
(b) by assuming the existing conditional sale liability of approximately \$5,500 relating to the manufacturing equipment, and  
(c) by making cash payments to these subsidiaries of approximately \$19,500 over a period of fifteen months.
- (3) After completion of the transactions in (2) above, Great West shall sell all of its wholly owned subsidiaries to the selling group for a nominal consideration, and Great West and these subsidiaries will release each other from all liabilities except those referred to in (2) above.
- (4) Great West will issue and sell to Candeco Ltd. ("Candeco") 316,666 treasury shares in full satisfaction of its present indebtedness of approximately \$190,000 to Candeco which is secured by a pledge of the outstanding second preference shares of National Hees owned by Great West.
- (5) Candeco will sell to Everest 166,666 shares of Great West for a price of \$100,000 (60¢ per share).
- (6) Great West will issue and sell to Everest 166,000 treasury shares for a price of \$99,600 (60¢ per share).

As a result of these transactions Great West will acquire absolute voting control of National Hees and Everest will acquire absolute voting control of Great West.

Everest proposes to acquire the Great West shares for investment purposes and not for resale, and is desirous of placing Great West on a sound financial basis with adequate funds at its disposal permitting it to embark on a planned programme of investment and acquisition. In this latter regard Everest has undertaken to purchase an additional 830,000 shares of Great West from treasury within three months after the foregoing sales of shares are completed for a price of \$498,000 (60¢ per share), subject to the issue of supplementary letters patent increasing the authorized capital of Great West and to the correctness of the warranties and representations previously referred to.

Alfred Theodore Holland is the sole shareholder, an officer and a director of Professional Directors and Associates Ltd. and an officer and director of its wholly owned subsidiary Gordon Leaseholds Ltd. In addition, Alfred Theodore Holland is a shareholder, officer and director of City Wide Property Management Limited and an officer and director of its wholly owned subsidiary Candeco Limited.

St. Adele Valley Enterprises Ltd. is a wholly owned subsidiary of Edper Investments Limited, and both these companies have the address Suite 400, 2055 Peel Street, Montreal, Quebec. Edper Investments Ltd. is owned by a trust established by Allan Bronfman, 9 Belvedere Road, Westmount, Montreal, Quebec, for his children. Everest Investments Limited is owned by Edward Bronfman, 67 Forde Crescent, Montreal 6, Quebec, and Peter Bronfman, 5 Lansdowne Ridge, Montreal 6, Quebec, but in respect of the foregoing transactions is acting on behalf of Edper Investments Ltd.



SCHEDULE "A"

Item 3:

Present Directors

Alfred Theodore Holland,  
92 Post Road,  
Don Mills, Ontario.

President, Treasurer  
and Director

Chartered Accountant and  
Management Consultant.

Philip Flagler Boylen  
59 Great Oak Drive,  
Islington, Ontario.

Secretary and Director

Executive.

Donald Ross Cleveland,  
19 Old Mill Terrace,  
Islington, Ontario.

Director

Management Consultant.

B. Hewson Breckenridge,  
92 Main Street South,  
Georgetown, Ontario.

Director

President of Varian Associates of  
Canada Limited

Albert M. Greenaway,  
122 Cumberland Drive,  
Port Credit, Ontario.

Director

President - A.M. Greenaway  
and Company Limited

Magnus T. Paulson,  
85 Baby Point Road,  
Toronto, Ontario.

Director

President - Magnus T. Paulson,  
Realty Limited

Anthony C. J. Humphreys,  
25 Crestwood Drive,  
Scarborough,  
Ontario

Director

Chartered Accountant, with  
Phillips Electronics Industries  
to February 28, 1965; Comptroller  
of the Company since that date.

Proposed Directors (in place of four of the present directors)

Neil W. Baker,  
452 Hudson Street,  
Montreal West,  
Quebec.

Employment:

1957 - 1962	Analyst Investors Group Limited Winnipeg, Manitoba.
1962 - 1967	Director, Morgan, Ostiguy & Hudon Inc. 6th Floor, 500 St. James Street West, Montreal, Quebec.
1968 -	Executive Vice-President, Edper Investments Limited, 2055 Peel Street, Suite 400, Montreal, Quebec.

SCHEDULE "A"

Paul J. Lowenstein,  
4862 Jean Brillant Avenue,  
Montreal,  
Quebec.

Employment:

1962 - 1964	Chartered Accountant, Zittler, Siblin, Stein, Levine & Co. 4115 Sherbrooke Street West, Montreal Quebec.
1964 - 1966	Managing Director, Federal Acceptance Corp., 5757 Decelles Avenue, Suite 500, Montreal, Quebec.
1966 - 1968	Vice-President, Edper Investments Limited, 2055 Peel Street, Suite 400, Montreal, Quebec.

Leonard B. Spillfogel,  
5765 Côte St. Luc Road,  
Apt. 312,  
Montreal,  
Quebec.

Employment:

1963 - 1964	Student, University of Miami, Coral Gables, Florida, U.S.A.
1964 - 1967	Institutional Salesman Morgan, Ostiguy & Hudson Inc., 6th Floor, 500 St. James Street, Montreal, Quebec.
January - March 1968	Institutional Salesman, Nesbitt, Thomson Company Limited, 360 St. James Street West, Montreal, Quebec.
March 1968	Portfolio Manager, Edper Investments Limited, 2055 Peel Street, Suite 400, Montreal, Quebec.

J. Trevor Eyton,  
30 Ridge Drive,  
Toronto 7,  
Ontario.

Employment:

1964 - 1968	Solicitor, Tory, Tory, DesLauriers & Binnington 11 King Street West, Toronto 1, Ontario.
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FINANCIAL STATEMENTS

THE GREAT WEST SADDLERY COMPANY LIMITED  
(Incorporated under the Canada Corporations Act)  
AND ITS WHOLLY-OWNED SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AS AT JANUARY 31, 1968  
(with 1967 figures for comparison)

ASSETS		1968	1967	LIABILITIES AND SHAREHOLDERS' EQUITY	
CURRENT ASSETS:					
Cash.....		\$ 784	\$ -	Bank indebtedness.....	\$ 4,800
Marketable securities - at cost (approximate market value - \$45,000) (Note 3).....		45,882	-	Accounts payable and accrued charges (Note 3).....	252,208
Accounts receivable.....		80,599	4,061	15% debenture payable (Note 2).....	9,500
Due from unconsolidated subsidiary.....		3,791	-	Notes payable (Note 3).....	193,619
Prepaid expenses.....		1,389	1,554	Due to shareholder.....	20,875
				Loan from director.....	8,734
				Due to unconsolidated subsidiary.....	-
Total current assets.....		132,445	5,615	Total current liabilities.....	489,736
INVESTMENT IN SUBSIDIARY COMPANY NOT CONSOLIDATED:					
Shares - at cost (Notes 1 and 3).....		402,357	409,626		
EQUIPMENT (Note 2).....		62,137	65,941	Capital stock:	
ORGANIZATION EXPENSES.....		1,173	1,173	Authorized - 1,000,000 common shares without nominal or par value	1,621,336
				Issued and fully paid - 515,785 shares.....	1,512,960
				Deficit.....	108,376
				Net shareholders' equity.....	74,938
Approved by the Board:					
<i>J. H. Bond</i> .....Director					
.....Director					
TOTAL.....		\$598,112	\$482,355	TOTAL.....	\$ 598,112
					\$ 482,355

The accompanying notes are an integral part of the financial statements.

THE GREAT WEST SADDLERY COMPANY LIMITED  
AND ITS WHOLLY-OWNED SUBSIDIARY COMPANIES  
CONSOLIDATED STATEMENT OF LOSS AND DEFICIT  
FOR THE YEAR ENDED JANUARY 31, 1968  
(with 1967 figures for comparison)

	<u>1968</u>	<u>1967</u>
OPERATING LOSS BEFORE THE UNDERNOTED ITEMS (Note 4).....	\$ 746	\$ 37,338
Net loss on sale of land and buildings.....	-	56,678
Depreciation.....	21,724	16,683
Directors' remuneration (Note 5).....	7,200	-
Interest expense.....	<u>21,687</u>	<u>7,577</u>
NET LOSS FOR THE YEAR.....	51,357	118,276
DEFICIT AT BEGINNING OF THE YEAR.....	<u>1,546,398</u>	<u>1,470,955</u>
	1,597,755	1,589,231
ADD:		
Adjustment of prior years' expenses.....	<u>7,092</u>	<u>-</u>
	<u>1,604,847</u>	<u>1,589,231</u>
DEDUCT:		
Interest charged in prior years now waived.....	-	10,472
Gain arising from renegotiations of agreements and settlement of liability.....	<u>91,887</u>	<u>32,361</u>
	<u>91,887</u>	<u>42,833</u>
DEFICIT AT END OF THE YEAR.....	<u>\$1,512,960</u>	<u>\$1,546,398</u>

The accompanying notes are an integral  
part of the financial statements.

THE GREAT WEST SADDLERY COMPANY LIMITED  
AND ITS WHOLLY-OWNED SUBSIDIARY COMPANIES  
CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED JANUARY 31, 1968  
(with 1967 figures for comparison)

	<u>1968</u>	<u>1967</u>
FUNDS PROVIDED:		
Net sales of shares of subsidiary.....	\$ 7,269	\$ 407
Sale of land, buildings and equipment.....	2,615	121,741
Prior years' interest waived.....	-	10,472
Gain arising from renegotiations of agreements and settlement of liability.....	<u>91,887</u>	<u>32,361</u>
Total funds provided.....	<u>101,771</u>	<u>164,981</u>
FUNDS APPLIED:		
To operations:		
Net loss for the year.....	51,357	118,276
Depreciation.....	(21,724)	(16,683)
Net loss on sale of land and buildings.....	<u>-</u>	<u>(56,678)</u>
Net funds applied to operations.....	29,633	44,915
Adjustment of prior years' expenses.....	7,092	-
Discharge of mortgages.....	-	119,247
Additions to equipment.....	<u>20,535</u>	<u>-</u>
Total funds applied.....	<u>57,260</u>	<u>164,162</u>
REDUCTION IN WORKING CAPITAL DEFICIENCY.....	<u>\$ 44,511</u>	<u>\$ 819</u>

The accompanying notes are an integral  
part of the financial statements.



THE GREAT WEST SADDLERY COMPANY LIMITED  
AND ITS WHOLLY-OWNED SUBSIDIARY COMPANIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 1968

1. In the accompanying financial statements, the accounts of all wholly-owned subsidiary companies have been consolidated as at January 31, 1968 and for the year then ended.

The company owns 24% of the common stock, and has voting control, of National Hees Industries Limited through ownership of preference shares. The accounts of this subsidiary have not been consolidated with those of the parent company as the fiscal year end of the subsidiary is June 30.

The company's share of the aggregate losses of this subsidiary from the date of acquisition to June 30, 1967 amounts to approximately \$453,300 after deducting the company's share (\$19,900) of the net income of the subsidiary for the year ended June 30, 1967. No provision has been made in the accompanying financial statements for the aggregate losses.

The audited financial statements of National Hees Industries Limited at June 30, 1967 indicate that the company's investment has only a nominal book value.

2. Equipment is carried at 1959 appraised values with subsequent additions at cost, less accumulated depreciation of \$460,538 (1967 - \$442,293). This equipment is pledged as security for a debenture payable.
3. Certain shares of the unconsolidated subsidiary, National Hees Industries Limited, and the marketable securities, were held by a broker at January 31, 1968 as security for an account payable of \$113,728.
- All of the shares of National Hees Industries Limited are pledged as security for a note payable of \$191,218.
4. Gross operating revenues for the year amounted to \$12,177 (\$205,545 in 1967).
5. Remuneration of \$34,675 was paid to directors of the company by the unconsolidated subsidiary, National Hees Industries Limited.

**DELOITTE, PLENDER, HASKINS & SELLS**

*Offices throughout Canada and associated firms throughout the world*      *Chartered Accountants*

55 YONGE STREET TORONTO 1, CANADA

Everest Investments Ltd.  
2055 Peel Street  
Montreal 2, Quebec

Dear Sirs:

We have examined the consolidated balance sheet of The Great West Saddlery Company Limited and its wholly-owned subsidiary companies as at January 31, 1968 and the consolidated statements of loss and deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

As explained in Note 1 to the consolidated financial statements, the audited financial statements of the unconsolidated subsidiary at June 30, 1967 indicate that the company's investment therein has only a nominal book value. This investment is carried at a cost of \$402,357 in the consolidated balance sheet. We are unable to determine the realizable value of this investment.

In view of the matter discussed in the preceding paragraph, we express no opinion concerning the investment in subsidiary company, not consolidated, and the consolidated deficit or upon the overall financial position of the companies as shown in the accompanying consolidated balance sheet as at January 31, 1968.

However, in our opinion, these consolidated financial statements present fairly, in all material respects, the other assets and liabilities of the companies as at January 31, 1968 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

In our opinion the amount required to make provision for the losses of the unconsolidated subsidiary from the date of acquisition is fairly presented in Note 1 to the consolidated financial statements.

Yours very truly,

*Deloitte, Plender, Haskins & Sells*

April 2, 1968.

# THE GREAT WEST SADDLERY COMPANY LIMITED

## PRO FORMA BALANCE SHEET AS AT APRIL 30th, 1968

- giving effect to:
1. The Issue of 316,666 Common Shares from the Treasury in payment of a note payable of \$195,090.
  2. The Sale from the Treasury of 166,000 Common Shares for an aggregate subscription price of \$99,600.
  3. The purchase of 20,000 Common Shares of National Hees Industries Limited at a price of \$4.50 per share for an aggregate consideration of \$90,000.
  4. The purchase of the substantial assets of the wholly-owned subsidiary companies for \$44,000 and the subsequent disposal of the investment in the same subsidiaries for a nominal consideration.

### ASSETS

CURRENT ASSETS	\$
Balance at Bank	9,776
Marketable Securities at cost (Market Value \$35,400)	35,706
Accounts Receivable	30,087
Prepaid expenses	426
Total Current Assets	75,995

### INVESTMENT IN PARTIALLY-OWNED SUBSIDIARY-at cost

### MACHINERY AND EQUIPMENT - at cost

	\$ 638,558
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### LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES	\$
Accounts payable and accrued charges	134,894
Notes Payable	93,100
Loan from Director	10,286
Loan from Shareholder	20,375
Due to partially-owned subsidiary company	2,748
Total Current Liabilities	261,403

### SHAREHOLDERS' EQUITY

Capital Stock:	
Authorized - 1,000,000 common shares of no par value	1,914,658
Issued and Fully Paid - 998,451 shares	1,537,503
Deficit	377,155

\$ 638,558
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Note: Subject to the authorization of additional common shares of the Company of an as yet undetermined number, Everest Investments Limited has committed to purchase 830,000 common shares at 60¢ a share for an aggregate amount of \$498,000. This transaction is not reflected in the above Pro Forma Balance Sheet.



THE GREAT WEST SADDLERY COMPANY LIMITED  
INVESTMENT CHANGES IN NATIONAL RESS IND  
from February 1st, 1967 to March 31st, 1968

June, 1967	400
July, 1967	100
August, 1967	1,900
September, 1967	2,400
October, 1967	2,820 1/3
November, 1967	1,200 1/3
December, 1967	2,900
January, 1968	600
February, 1968	2,500
Conversion from 1st Preferred	21,954

PREFERRED SHARES:

Conversion to Common

THE GREAT WEST SADDLERY COMPANY LIMITED  
CHANGES IN MARKETABLE INVESTMENTS FROM FEBRUARY 1st, 1967  
TO MARCH 31, 1968

Security	Amount		Month		Total	
	Purchased	Sold	Purchased	sold	Cost	Proceeds
					\$	\$
Falconbridge Nickel Mines Ltd. Common Shares	150	150	June Sept Oct.	Nov	13,655.20	13,017.54
Home Oil Limited 5 1/2% debenture 1984	\$ 24,000	\$ 4,000	July Aug. Oct. Jan.'68 Feb.'68	Dec	28,585.00	4,938.80
Alcan aluminum Common	50	50	June	Sept.	1,598.75	1,492.25
Borg Warner Corporation Common	25	25	May	Sept.	US 1,100.21	1,258.31 US
Olin Mathieson Common	25	25	May	Aug.	US 1,740.94	1,945.00 US
Oak Electronics 4 3/8 debenture 1987	\$ 5,000	\$ 5,000	June	Aug.	US 5,476.98	5,532.16 US
International Rectifier Common	100	100	May	July	US 2,820.44	3,033.55 US
Home Oil Limited "A"	300	300	Jan.	Jan.	7,834.14	7,497.95
Lake Du fault Limited Common	500	500	Nov. Dec.	Feb.'68 Mar.'68	4,673.65	5,360.49
La Luz Common	200	200	Nov. Dec.	Mar.'68	3,193.62	2,936.00
Rothmans of Pall Mall Ltd. Cumulative warrants 7 1/2% 1988	\$ 2,000		Dec.		2,045.00	
Santa Fe Drilling Ltd. 5 1/2% due November 15, 1967	\$ 5,000	\$ 5,000	Dec.	Dec.	US 5,443.75	5,548.50 US
Northern & Central Gas Ltd. Common	1,500	1,500	Jan.	Jan.	18,180.15	17,106.46
Warrants	1,500	1,500	( Jan. Feb.'68	Mar. Jan.'68	7,521.74	6,190.40
Western Mines Limited 6 1/2% due June 15, 1973	\$ 10,000		Jan.		9,800.00	
Drassel Corporation \$100 CL-B-	20		Dec.		2,000.00	